



Client Enrichment Series

Welcome to today's presentation on ***Back to Basics - The Leasing Process***

November 15, 2018

The presentation will start at 1PM eastern time

Note: Phones are automatically muted during the presentation.

You can send questions and comments to the host and presenters via the “Chat” pane - we will answer as many questions as possible during the presentation.

All questions will be captured, and a formal Q&A document will be posted on our Client Enrichment Series website, along with this slide deck and session recording - www.gsa.gov/ces





Client Enrichment Series

Back to Basics - The Leasing Process

Presented by
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Hosted by
***PBS Office of Portfolio Management
and Customer Engagement***

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Agenda

- ***GSA's Mission***
- ***The Lease Process***
 - Documents
 - Key client interactions



GSA Mission Statement



- Deliver value and savings in real estate, acquisition, technology, and other mission-support services across Government.

The Lease Process



Pre-Award

- Requirements Development
- Market Survey
- Solicitation
- Negotiations

The Lease Process – Post Award

Post Award

- Design Phase (DIDs and CDs)
- Tenant Improvement (TI) Negotiation
- Construction Phase/ Build-Out
- Acceptance & Occupancy

The Lease Process - Getting to Know You

Regional Team

- Regional Planning Manager/Client Executive (RPM/RCE)
- Project Manager (PM)
- Leasing Specialist (LS)
- Lease Contracting Officer (LCO)
- Lease Administration Manager (LAM)

National Team

- National Planning Manager/Client Executive (NPM/NCE)

Lease Process - Competitive

1) Requirements Development

- Delineated Area
- Square Footage
- Special/Unique Requirements
- Acquisition Strategy

3) Solicitation

- RLP Package

5) Post Award

- DIDs/CDs
- TI negotiation
- Build-out
- Acceptance/
Occupancy



2) Pre-Solicitation

- FBO Advertisement
- Market Survey

4) Negotiations

- Rental rates
- Lease terms and conditions

Requirements Development

- GSA sends tenant agency a “Lease Expiration Letter” prior to lease expiration date
- Letter includes a draft Client Project Agreement (CPA) outlining agency’s current SF and suggested future space needs
- Interactive process between GSA and agency.

Client Engagement Series - Planning and Requirements Management



Requirements Development con't

- Determine Strategic Requirements
 - Square Footage (OMB Memorandum “Reduce the Footprint”)
 - Delineated Area
 - Term
- Identify Unique and Special Requirements
- Agency Specific Requirements (ASRs)
- Goal: finalize technical requirements 24/36 months prior to lease expiration



Housing Strategy - Where to Place You?

- Available space in federal buildings
- Available vacant space in leased inventory
- Available space in commercial market
- New federal construction (rare)

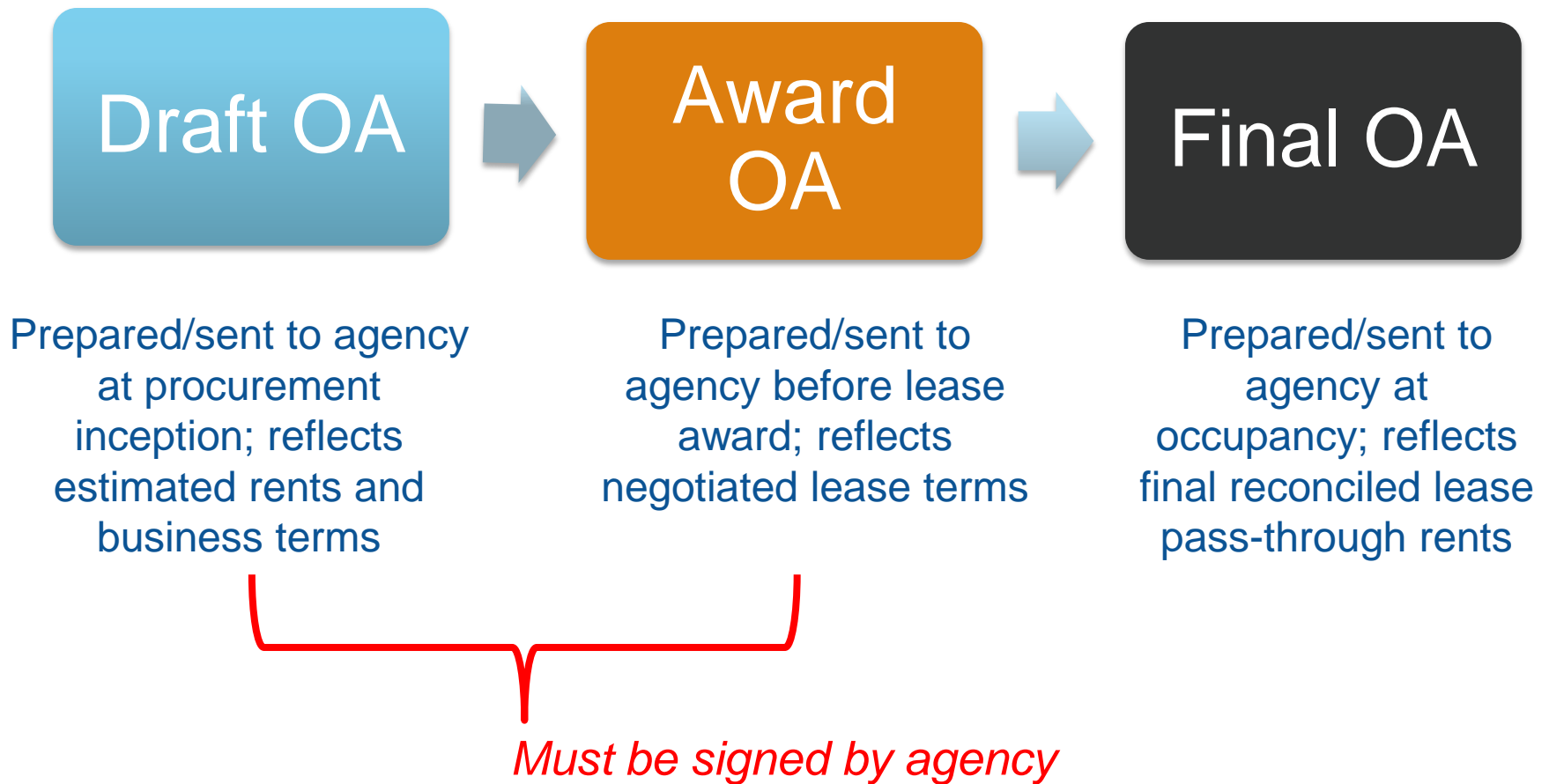
Occupancy Agreement (OA)

- Documents agreement between GSA PBS and tenant agency for agency to pay rent to GSA
- Ensures PBS does not incur financial obligations in excess of terms the tenant agency customer is willing to commit - a budgetary tool
- Helps to eliminate rent disputes between agencies and GSA
- Contains clauses (business terms) and financial summary
- Iterative document

Customer: Sign OA



Occupancy Agreement (OA)



Acquisition Strategy

- Acquisition planning - FAR Part 7
- Requires a written plan outlining basic strategic decisions for upcoming lease procurement
 - type of leasing action
 - competitive vs. sole source
 - source selection approach
 - risks

Lease Process - Competitive – Step 2

1) Requirements Development

- Delineated Area
- Square Footage
- Special/Unique Requirements
- Acquisition Strategy

3) Solicitation

- RLP Package

5) Post Award

- DIDs/CDs
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Occupancy



2) Pre-Solicitation

- FBO Advertisement
- Market Survey

4) Negotiations

- Rental rates
- Lease terms and conditions

FedBizOpps Posting

- Advertise in FedBizOpps
 - Must advertise actions over 10,000 ABOA SF in FBO

The screenshot shows the FedBizOpps.gov website interface. At the top, the header includes the FedBizOpps.gov logo, the text "Federal Business Opportunities", and logos for IAE, E-GOV, and USA.gov. A navigation bar contains links for Home, Getting Started, General Info, Opportunities (highlighted), Agencies, and Privacy. Below the navigation bar, there are links for Buyers and Vendors to login or register, and an Accessibility link.

The main content area features a GSA logo and the title "Gov't seeking 13,700 ABOA SF of office space in Newport News, VA". Below the title, the solicitation number (6VA0434), agency (General Services Administration), office (Public Buildings Service (PBS)), and location (R3 Real Estate Acquisition Division (47PD99)) are listed.

There are two tabs: "Notice Details" (selected) and "Packages". Under "Notice Details", there are buttons for "Return To Opportunities List", "Watch This Opportunity", and "Add Me To Interested Vendors".

The "Original Synopsis" section shows the date and time (Apr 24, 2017 5:44 pm). The "Synopsis" section provides details about the solicitation, including the date added, the agency, and the location.

The "GENERAL INFORMATION" section lists the notice type (Presolicitation), posted date (April 24, 2017), response date (May 31, 2017 4:00 pm Eastern), archiving policy (Manual Archive), and archive date.

At the bottom left, there is a GSA logo.

Market Survey



Purpose:

- Identify all potential acceptable properties that can house agency
- Foster competition
- Obtain a sense of market conditions
- Develop negotiation objectives

Market Survey - The Key Players

- Schedule Market Survey: Key Players
 - Customer representatives
 - GSA Leasing Specialist/Lease Contracting Officer, Broker, Field Office representative
 - DHS's Federal Protective Service
- Discuss ground rules



Customer: Provide availability

Market Survey – Tour and Survey

- Tour potential properties with building owner, agent or representative
 - Building and common areas
 - Within premises/space
- Market survey form
 - Site and surrounding neighborhood features
 - Architectural features
 - Space characteristics
 - Conformity with accessibility & fire safety standards
 - Conformity with go/no-go criteria



Customer: Attend Market Survey

Market Survey - Results

- For each location, reach ***consensus*** between PBS and you, the customer, whether or not building is ***capable*** of meeting your requirements
- End result is list of offers/locations to receive solicitation (Request for Lease Proposals - RLP)



Customer: Sign Market Survey Report/Form

Questions?



Lease Process - Competitive – Step 3

1) Requirements Development

- Delineated Area
- Square Footage
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3) Solicitation

- RLP Package

5) Post Award

- DIDs/CDs
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2) Pre-Solicitation

- FBO Advertisement
- Market Survey

4) Negotiations

- Rental rates
- Lease terms and conditions

Request for Lease Proposals (RLP)

- Performance-based, not prescriptive
- Results in an offer
- Must be issued to all parties with acceptable locations
 - Usually solicit current Lessor
 - Always send copy to agency and field office



*Customer: Review/Approve
RLP package*

A screenshot of a Request for Lease Proposals (RLP) form. The form is titled "Global Document Editor" and contains the following text: "[GSA REQUEST FOR LEASE PROPOSALS] NO. XXXXXXXX CITY/STATE". To the right of this text, it says "Offers due by mm/dd/20yy". Below this, there is a paragraph of text: "This Request for Lease Proposals (RLP) solicits both indications and proposals for a lease described in the RFP documents. Proposals submitted in the RFP requirements will be evaluated in accordance with the United States of America and shall be subject to the United States of America. The Government will award the lease to the selected Offeror subject to the conditions herein." At the bottom right, it says "GSA FORM R-100 (10/16)".

RLP Package Components

- RLP (GSA Form R100)
- Scope of Work
 - Lease (GSA Form L100)
 - ISC security specs (FSL I-IV)
 - Special/Specific Requirements
- “The Fine Print”
 - Solicitation Provisions
 - General Clauses
- Offer Forms

RLP Package - Customer Focus

- RLP (GSA Form R100)
- Scope of Work
 - Lease (GSA Form L100)
 - ISC security specs
 - Special/Specific Requirements
- “Ground Rules”
 - 3516 (Procurement)
 - 3517 (Lease)
- Offer Forms

Request for Lease Proposals



The Five Sections

- Section 1 – Statement of Requirements
- Section 2 – Eligibility and Preferences for Award
- Section 3 – How to Offer
- Section 4 – Method of Award
- Section 5 – Additional Terms and Conditions

The Lease - The Seven Sections

- Section 1 – Premises, Rent and Other Terms
- Section 2 – General Terms, Conditions and Standards
- Section 3 – Construction Standards and Shell Components
- Section 4 – Design, Construction & Post-Award Activities
- Section 5 – Tenant Improvement Components
- Section 6 – Utilities, Services & Obligations During the Lease Term
- Section 7 – Additional Terms and Conditions

RLP Package: Review Focus

Most of language is “boilerplate” and procurement dependent, reflecting current policy or GSA technical/business terms

Agencies should focus review to confirm:

- ABOA SF (usually a range)
- Parking/public transportation
- Delineated area
- TI Allowance
- Post-award delivery schedule (working days)
- Special requirements
- Method of award (source selection)

Lease Process - Competitive - Step 4

1) Requirements Development

- Delineated Area
- Square Footage
- Special/Unique Requirements
- Acquisition Strategy

3) Solicitation

- RLP Package

5) Post Award

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Occupancy



2) Pre-Solicitation

- FBO Advertisement
- Market Survey

4) Negotiations

- Rental rates
- Lease terms and conditions

Negotiations

- Evaluate offers solely in accordance with the factors and sub factors stated in the RLP
- Identify deficiencies, inconsistencies, and deviations
- Review elements of the proposed rent to analyze whether individual elements are realistic and reflect offeror's clear understanding of the work to be performed
- Obtain revised offers (as needed)
- Ensure proposed contract price is fair and reasonable

Negotiations - Rent Components



- Shell costs
- Operating costs
- TI amortization rate
- TI overhead fees
- Hourly overtime rate
- Building Specific Amortized Capital
- Parking

Negotiations - Final Proposal Revision (FPR)

- Conclude negotiations with request for Final Proposal Revisions (FPR)
 - No revisions to offer considered after FPR date
- Determine Best Offer (PVA)
 - Lowest-Priced Technically Acceptable Offer
 - Best Value/Tradeoffs
- Document negotiations via Price Negotiation Memorandum (PNM)

Other Pre-Award Activities

- SME reviews
 - Fire and Life Safety
 - ABAAS
 - NEPA/106
 - Legal
- EEO Compliance Reviews
- Scoring check (operating vs. capital lease)
- Small Business Subcontracting Plans
- Funds certification (always!!!!)

Award

- Send Agency Recommendation Letter and Revised OA to sign and return based upon negotiated terms



Customer: Sign OA



Customer: Provide RWA if needed

- Transmit 2 copies of lease to successful offeror
- Execute lease contracts, return one copy to Lessor
 - Provide copies of lease contract to agency and field office
 - Notify unsuccessful offerors
 - Post award notice in FedBizOpps

More Questions?



Lease Process - Competitive – Step 5

1) Requirements Development

- Delineated Area
- Square Footage
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3) Solicitation

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2) Pre-Solicitation

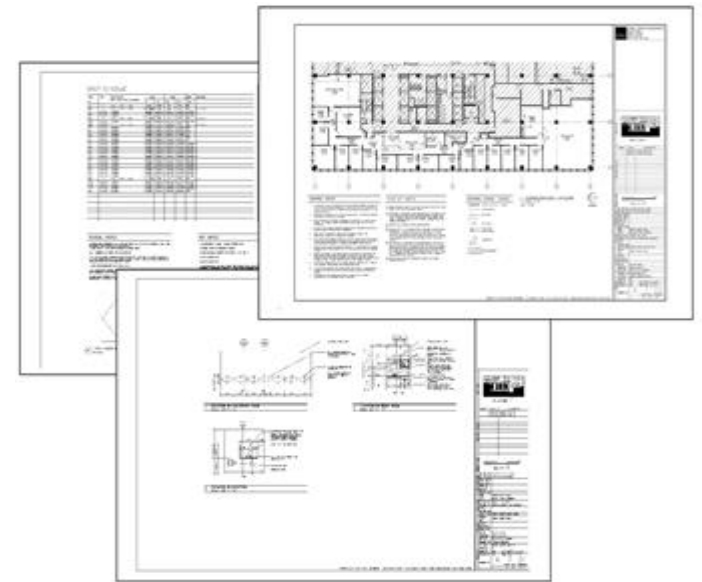
- FBO Advertisement
- Market Survey

4) Negotiations

- Rental rates
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Design Intent Drawings (DIDs)

- Also known as floor plans, layout, fit-out plans, or space plan
- Can be provided by Lessor, Agency, or GSA
- Typically Include:
 - Partitions/Doors/Hardware/Finishes
 - Telephone/Electric outlets/IT/Security
 - Millwork/Specials
 - Generic Furniture layout



Design Intent Drawings (DIDs) con't

- May have design kickoff meeting to generate
- Consider DID Workshop (best practice)
- Review and Approve
 - GSA and Customer
 - Codify in a Lease Amendment

Customer: Develop or Review DIDs, choose finish selections



Resources - [GSA's DID Review Guide](#)

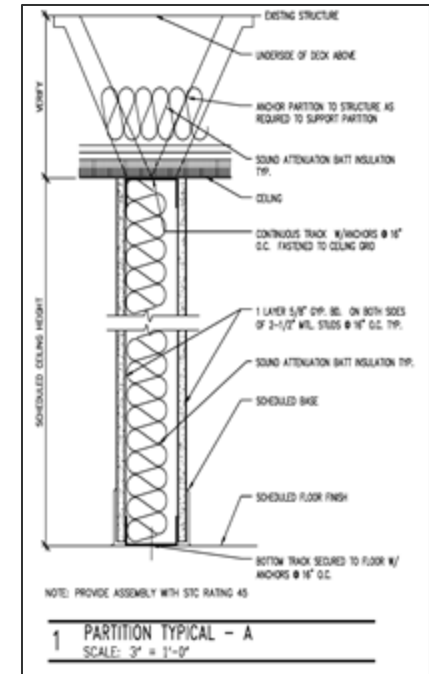
[Client Enrichment Series - Demystifying Design Intent Drawings](#)

Construction Documents (CDs)

- Always provided by Lessor's A/E
- Approved DIDs are the baseline
- GSA DOES NOT APPROVE CDs
- Require A/E seal for building permits
- Used by Lessor for obtaining construction bids for tenant improvements



May be reviewed by GSA / Customer



Tenant Improvement Negotiations

- “Procurement Within a Procurement”
- Lessor bids out the CDs for TI work only
- Lease requires bids from 2 or more separate General Contractors (GC)
 - may allow competition at subcontractor level instead
- GSA may prepare Independent Government Estimate (IGE) to compare against bids

Tenant Improvement Negotiations con't

- Review proposals
- Identify questions, discrepancies, etc.
- Confirm no shell items are included in TI Proposal
- Verify price is fair and reasonable
- If TI Costs exceed the TI Allowance an RWA is required
- Issue Notice to Proceed (NTP) for construction



Customer: Provide additional RWA funds if needed

Client Enrichement Series - FY18 RWA Policy Updates

Construction Kick-off Meeting

- Include all Parties
 - GSA/Broker
 - Lessor (A/E and GC)
 - Customer
 - Field Office
- Review Roles and Responsibilities
- Establish Communication Protocols
- Review project requirements, submittals and schedule
- Conduct Progress Meetings/Site-Visits/Inspections, as needed

Customer Vendor Coordination



*Customer: Coordinate with your vendors,
Lessor (thru GSA PM and/or LCO)*

- Installation of:
 - Furniture
 - IT
 - Security
 - Telecom
 - Other
- Impact on schedule (critical path)

Accepting the Space

- Lessor notifies GSA two weeks prior to construction completion for final inspection
- Who attends?
 - Leasing Specialist/Lease Contracting Officer
 - Customer representative (Facilities & Local)
 - Lessor (A/E & GC)
 - Field Office representative
 - DHS-FPS

Accepting the Space con't

Final Inspection

- Generate Punch List
- Determine substantial completion
- Obtain Certificate of Occupancy
- Reach agreement on space measurement
- Accept Space and acquire keys



Customer: Attend and document acceptance via signed GSA Form 1204

Moving Day!

- May request GSA Field Office to coordinate
- GSA Field Office would also take over at this point as the agency's main POC

Initiate Rent

- Issue Lease Amendment to establish lease terms (effective date, square footage, annual rent) and commence rent
- Issue Final OA to bill Customer



Customer: Sign OA if pricing increases

Recap...

- Actively engage in requirements development process
- Continuously communicate throughout process - to confirm direction/decisions
- Participate in market survey
- Provide timely reviews, submittals and signatures for OAs
- Review RLP package prior to distribution
- Provide timely review or submittal of DIDs
- Participate in construction meetings as necessary
- Attend space acceptance inspection

Questions?

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Join us in December for our next CES session

eRETA Review
Tuesday, December 11th 1pm-3pm Eastern
Register Now

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